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ALTERNATIVE ECONOMICS

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Alternative economics is about offering choices to the established structure of and explanation for the Australian economy.

What constitutes an alternative economics, of course, depends on the agreed characteristics of an existing economy and whether these are static or dynamic. What are some of the characteristics of the existing economy?

1. A public sector which is bureaucratic, autocratic and inefficient.
2. A private sector which is plutocratic, inefficient and unaccountable.
3. A high unemployment economy with an obligation to work and starve.
4. The privatisation of welfare provision.
5. The control of credit by private enterprise.
6. Freedom of speech based on wealth - the few have too much and the many have too little.
7. Extremes of wealth and poverty.

The traditional polarized choices about economic structures have been between socialist or private ownership and control of the means of production, distribution and exchange. But, then, in-between and instead of there are various other theories which variously compete and complement. Catholic social theory supports private ownership with State ownership of public utilities, basic industries and monopolies.

The definition and concept of alternative economics differs over time and place. Alternative economics used to explain the difference between the economic policies of the conservative and Labor parties.

In the 1940's, for instance, the Chifley Labor Government was committed to a full employment economy, the interventionist role of the public sector, social security for all and the nationalisation of banking. These commitments do need to be qualified because it was full employment for men and the level of social security income support was minimal. Nonetheless, these commitments represented critical breaks with traditional political and economic policies and programs. In 1952 A.W. Stargardt suggested that Chifley's influence "was such that today no party will openly attempt to do away with full employment. The quest for full employment may be watered down into such terms as 'high employment': but the basic assumption is hardly ever openly challenged." (Stargardt, A.W. THINGS WORTH FIGHTING FOR: SPEECHES BY JOSEPH BENEDICT CHIFLEY, Melbourne University Press, 1952, p 6)

Any government that now proposed a full employment economy, the interventionist role of the public sector, social security for all and the nationalisation of banking would be proposing a basis of an alternative economics.

The terms of the debate about the economy used to include the right to work, the right to live, full employment, market failure, the just wage, nationalisation, the public interest and unnatural monopoly. The terms of today's economic debate are very different and they include churning, contracting out, vouchers, deregulation,

Government failure, natural monopoly, unbundling, privatisation and public sector debt. This changing terminology reflects and reinforces different assumptions and values about the status quo economy and its alternative.

IMPEDIMENTS

Before attempting to identify the characteristics of an alternative economics and economy, it would be useful to consider what are the impediments to its development.

First, there are the structural characteristics of the Australian and international economies - economies that are dominated by the policies and practices of private enterprise. While different governments attempt to influence private enterprise differently, all Governments are sensitive to the reactions of private enterprise and their negative and/or positive impacts on the economy.

Second, there are the economists who claim to be value free and who are providing the analysis and terminology of debate about the private and public sectors. These economists are permeating media and public sector institutions with their economic rationalist assumptions and values and they replicate their values by recruiting more economic rationalists.

Third, there is the privately owned and controlled mass media. The current debate about the media has focussed exclusively on the problem of media proprietors and has assumed that there is an identity of interest between the public, management and journalists. Management and journalists are as much a problem as proprietors for they ultimately espouse the same news values with a selective emphasis on superficial events, predominantly based on conflict and celebrities, divorced from the social, political and economic context.

Fourth, there are governments who have different policy and program commitments and the common goal of survival. In theory, Governments decide policy and public servants implement. In practice, the distinction is not easy to achieve and there is a mutual convenience in claiming the separation is distinct. While there are varying commitments by governments to reforms, the reality is that Ministers, their Advisers, caucus and party committees and formal and informal channels within the public service influence the processes and outcomes.

Fifth, there is the public service which has a vested interest in its own survival and a senior echelon which enjoys high salaries and the power to survive governments. The echelon is gradually becoming a generation of econocrats - economic bureaucrats. In Victoria the Senior Executive Service is based on a myth of increased accountability to

Government when, in fact, most of this echelon regards itself as superior to inferior politicians. This perception and assumption is eroding the concept of a public service.

Sixth, there are those influential organisations and individuals who seek to influence the media, government and the bureaucracy. Seeking this influence involves a constant balance between public and /or organisational and/or constituency interests and the attributed and/or actual response of the media, government and bureaucracy.

Influentials are more often than not afraid of being characterised as irresponsible and obstructionist.

An interconnected theme common to these characteristics is the devaluation of democracy generally and freedom of speech specifically.

THE ALTERNATIVE ECONOMY

An alternative economy is one in which everyone who wants to work has the opportunity to work, the nexus between work and income is broken and public, private and cooperative enterprises are democratic and accountable with varying mixes of consumer and worker ownership and control.

A basic characteristic will be alternative economic enterprises i.e., cooperatives. While the remainder of this paper will focus on co-operatives, it would be useful to

briefly indicate some of the other characteristics of the alternative economy:

Full employment

A guaranteed income

A right to work

A right not to work

Nationalisation of Land

Nationalisation and cooperatisation of private banks

A democratised public sector which is accountable to parliament and the public.

The democratisation of parliament

The socialisation of the mass media

Sustainable cost-benefit analysis

THE CO-OPERATIVE MOVEMENT

At the end of June 1990 there were 1171 registered general cooperatives in Victoria - including 125 trading, 22 community settlement, 60 producer, 15 rental housing and 947 community advancement cooperatives. Based on the returns of 826 cooperatives, there were 281,342 members and total assets of \$129,411,584.

There are 373 credit unions throughout Australia with approximately three million members, assets of \$9 billion and reserves of \$580 million. At the 30 June 1989 571,000

Victorians (13.27% of the population) were members of 121 credit unions.

There are 1,910 cooperative housing societies in Australia with assets totalling \$2283.5 million - 1018 are based in Victoria with assets totalling \$1024 million. These cooperatives provide low cost housing finance - managing funds provided by Commonwealth and State governments (42%), banks (38%) and other lending institutions such as permanent building societies and credit unions (20%).

The current most significant cooperative development activity is being undertaken by Victoria's Ministry of Planning and Housing. Since 1981 21 Rental Housing Cooperatives have been established - involving approximately 700 houses and 2000 people. Since 1986 62 Common Equity Rental Cooperatives have been established - involving approximately 530 houses and 1600 people. Both initiatives have been critically sustained by the Government and the public service. A rental housing cooperative movement is now beginning to emerge with the Common Equity Rental Cooperatives establishing five regional associations.

Australia's cooperatives have always been influenced by cooperative development overseas. In the 1940's - 1960's it was the cooperative movements in Belgium, Canada and Denmark. In recent years, there has been a focus on the

cooperative movement in Mondragon, Spain with publicists for cooperation in Australia arguing, for example "Mondragon vindicates all the claims of the worker co-operative movement as triumphantly and conclusively as it refutes its critics. In light of Mondragon, nobody can now claim that the worker cooperative approach is incompatible with the demands of efficient management, adequate capital formation and high technology (Mathews, *Race BUILDING THE SOCIETY OF EQUALS: WORKER CO-OPERATIVES AND THE ALP*, Victorian Fabian Society, 1983, pp 9-10)

When this was written Mondragon had 96 worker cooperatives with 17,000 worker members. In contrast, Japan has 655 consumer cooperatives with 12 million members (1988). There are 116 medical cooperatives which operate hospitals and clinics. There are 59 insurance cooperatives - primarily comprising trade union members. And there are 49 housing cooperatives. There are 160 university cooperatives. Through the Han (a small group of 5 to 15 members within a cooperative) members are actively involved not only in joint purchasing but also in issues such as peace, food safety, the environment and consumer rights. In 1988 there were 843,689 Han groups with 5,051,492 members involved. (CONSUMER CO-OP MOVEMENT IN JAPAN, Japanese Consumers Cooperative Union, 1989).

The Japanese cooperatives are not only economically prosperous but they also exhibit a social justice practice.

Yet, those who propose to balance social justice and economic growth in Australia tend to ignore the cooperative movement.

In RENEWING THE COMMONWEALTH (1990) Brian Howe, for instance, has suggested that the debate about social justice involves a clash between civic and business cultures - a civic culture which is preoccupied with participation, equality and the public provision of goods and a business culture which is preoccupied with productivity and economic growth.

Howe suggests that at particular periods in the past the two cultures have co-existed but that there is now a danger of a clash between these cultures where each defines themselves in opposition to the other. He argues that either position is flawed and incomplete and that we must recreate the consensus that social justice is essential to achieving economic growth and prosperity. Implicitly, Howe is contending that the two cultures should reach a consensus based on an accommodation between two opposed cultures.

There is an alternative way. Cooperatives in Australia, Japan, Spain, Italy, France and Singapore are demonstrating that having a social purpose is not inconsistent with economic profitability and efficiency. These possibilities have been implicitly recognised in a number of Australian publications since 1985 which have proposed a basis for an alternative economy:

MAKE MELBOURNE MARVELLOUS - published in 1985 and written by the Socialist Alternative Melbourne Collective.

GETTING TOGETHER - a report on the Getting Together Conference in 1986.

AN ECONOMIC STRATEGY FOR SOCIAL CHANGE AND A SUSTAINABLE FUTURE - published in 1986 and written by the Conserver Economics Group.

NEW ECONOMIC DIRECTIONS FOR AUSTRALIA - published in 1989 and written by the Melbourne Economics Group.

A CHANGING WORLD A NEW RESPONSE - published in 1991 by the New Left Party.

A common, if somewhat undeveloped, theme of these publications is the significance and potential of a co-operative movement. Yet, references in these publications to the cooperatives are usually tentative and theoretical. There is no sense of cooperative history in Australia and the proposals are not situated within the current context of cooperative development.

This tentativeness partly reflects a traditional ambivalence about the history and significance of cooperatives in Australia. The vestiges of the socialist idea within the labor/ socialist movement have tended to focus on extending the role of the public sector and ignoring cooperatives as an option to nationalisation and privatisation. Labour

governments have been specifically suspicious of Catholic support for cooperatives. When the Chifley Labor Government, for instance, was proposing the nationalisation of banks in 1945 the proposal of the National Catholic Rural Movement for the development of credit cooperative was ignored. When credit cooperatives were subsequently established and registered in Victoria after 1953 it was a Catholic initiated movement - particularly through the work of the Young Christian Workers.

Instead, the Labor movement's socialist focus has been on protecting and developing the public sector. This support, however, has tended to be glib and not based on a substantial analysis of the role and potential of the public sector. This glibness has subsequently proved to be a fatal historical legacy. In recent years, under the sustained critique of the privatisers and the experience of public enterprise debt, labor governments have retreated from their simple defence of the public sector into simply embracing the possibilities of privatisation and corporatisation. A recent example of this is the Victorian Government's Infrastructure Investment Guidelines For Victoria: Public/Private Sector Partnership (1991). Royal Commissions in WA, SA and Victoria are all investigating the cost of Labor Government support for entrepreneurialism.

There are also factors internal to the existing cooperatives which have contributed to their marginalisation:

1. Cooperation without vision.
2. An over-dependence on Government.
3. Cooperatives without a movement.
4. A hidden history.
5. Leaders without leadership.
6. Growth by osmosis.

1. Cooperation without vision.

There is no uniting vision for cooperatives in Australia - a vision that is imaginative, achievable and challenging. The international principles of cooperation are an alternative to the principles of private and public enterprises - open membership, democratic control, limited interest on share capital, equitable distribution of surplus, cooperative education and vooperation between cooperatives.

Cooperatives have not responded to the challenge of privatisation. Cooperatives have not been proposed as an alternative to the privatisation of public sector activities. There is no cooperative equivalent of the Australian Institute for Public Policy, the Tasman Institute and the Institute of Public Affairs.

2. An over-dependence on government.

There has been an over-dependence on Government actions to initiate a renewal of co-operatives in Victoria. The energies of the established cooperatives have focussed on Victoria's Ministerial Advisory Committee on Co-operation and its eloquent and enthusiast Chair, Race Mathews. This focus on influential politicians and bureaucrats has been instead of developing a cooperative movement and a cooperative constituency. The ultimate problem with this dependency is that co-operators compromise themselves and cooperatives - because they participate in a decision making process where the ultimate decisions are made by bureaucrats and politicians. A similar problem existed with the Co-operative Development Program which was operated by Victoria's Ministry of Employment and Training between 1982 and 1985.

3. Cooperatives without a movement.

The ability of cooperatives to extend their influence in Victoria is dependent on a willingness to recognise the significance of their own independence and the development of a cooperative constituency.

Critical to this independence is a cooperative movement. The necessary characteristics of a cooperative movement are leaders, a united philosophy, clear goals and objectives, strategies for achieving these goals and objectives and organs of communication. Victoria does not, however, have a

cooperative movement. The spirit of individualism, rather than mutuality, predominates within and between individual cooperatives and sectors. This is despite the cooperative principle of co-operation between cooperatives which suggests that they "should actively co-operate in every practical way with other co-operatives at local, national and international levels".

4. A hidden history.

While historians have neglected Australia's cooperatives, it is particularly puzzling that cooperatives have hidden their own history. In the 1950's and 1960's there was a cooperative movement in Victoria based on the development of credit and housing cooperatives. This movement was grounded in Catholic social theory and was led by Catholics - particularly the Young Christian Workers. At the 31 March 1966, for instance, the Association of Catholic Cooperative Credit Societies Ltd in Victoria had 82 member cooperatives.

5. Leaders without leadership.

While cooperatives have leaders, there is not a cooperative leadership. A cooperative leadership would be redefining and articulating the significance of cooperation for Australia into the next century and seeking to lead a cooperative movement into realising its potential. The cooperative leadership of the 1940's to 1970s has died, retired or reduced its involvement. In the absence of a

cooperative leadership generated by cooperatives, it is inevitable that managerialists will emerge who have managerial skills but for whom the principles and practices of cooperation are methodology rather than conviction.

6. Growth by osmosis.

In 1986 the Ministerial Advisory Committee on Cooperation reported that Victoria's cooperatives were declining in numbers - from 1414 in 1980 to 1378 in 1985. By 1990 the number had further decreased to 1171. Yet, the scope for establishing and developing cooperatives is unlimited e.g., food, travel, training and Labouring cooperatives.

Consistent with the principle of cooperative education, cooperatives should be making provision for educating the public in the principles and techniques of co-operation

CONCLUSION

The basis for developing an alternative economy exists within Australia yet the ingredients are fragmented and disconnected.

First, there is an economically disenfranchised population which does not own and control economic resources.

Second, there are suitable models of economic enterprises which economically enfranchise their members.